

## Message Text

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PAGE 01 ANKARA 01644 070812Z  
ACTION EUR-12

INFO OCT-01 ISO-00 SS-15 XMB-02 AID-05 OPIC-03 EB-08  
CIAE-00 INR-07 IO-13 TRSE-00 /066 W  
-----070853Z 052657 /17 L  
R 070657Z MAR 77  
FM AMEMBASSY ANKARA  
TO SECSTATE WASHDC 6655  
USMISSION OECD PARIS  
INFO AMEMBASSY BONN

LIMITED OFFICIAL USE ANKARA 1644

E.O. 11652: N/A  
TAGS: EAID, EFIN, OECD, TU  
SUBJECT: DISCUSSION WITH TURKEY CONSORTIUM OFFICIALS

REF: A) OECD PARIS 5070, B) STATE 044694, C) ANKARA 0567

1. EMBASSY CONCURS FULLY WITH DEPARTMENT VIEWS EXPRESSED IN REF B.
2. EMBASSY SHARES CONCERN OF GIEL AND KUEHM (REF A) AS TO WHETHER GOT WILL BE ABLE TO ATTRACT ADEQUATE COMMERCIAL FUNDS IN 1977 TO COVER ANTICIPATED \$1,260 MILLION BASIC DEFICIT PROJECTED IN 1977 GOT PROGRAM. IN ADDITION, EMBASSY IS INCREASINGLY CONCERNED WITH (A) GROWING DEBT-SERVICE ON MEDIUM AND LONG-TERM DEBT (MEASURED AS PERCENTAGE OF THE SUM OF EXPORT REVENUES AND WORKER REMITTANCES: 10 PERCENT IN 1975, 12 PERCENT IN 1976, AND ESTIMATED 15 PERCENT, LIE., \$462 MILLION, IN 1977) AND (B) GROWING SHORT-TERM DEBT WHICH HAS REACHED TOTAL OF \$1.8 BILLION. COST TO TURKISH ECONOMY OF SHORT-TERM DEBT IS NOT INCLUDED IN SCHEDULED DEBT PAYMENT OR DEBT SERVICE, BUT CENTRAL BANK ADMITS INFORMALLY THAT IT IS ABOUT \$150 MILLION.

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3. WHILE TURKISH AUTHORITIES ARE BEGINNING TO REALIZE SERIOUSNESS OF EXTERNAL FINANCING DIFFICULTIES FOR SHORT AND LONG-TERM DEVELOPMENT NEEDS, NO ONE HAS RAISED QUESTION OF CUTTING SACROSANCT 7-8 PERCENT ANNUAL GROWTH RATE. CONSEQUENTLY ANY FULL CONSORTIUM OR WORKING GROUP MEETING THAT WAS INTENDED TO DO A FAIR AND HONEST APPRAISAL OF THE TURKISH ECONOMY, AND WAS NOT LIKELY TO RESULT IN NEW ASSISTANCE PLEDGES, WOULD, IN AN ELECTION

YEAR, ALMOST CERTAINLY BE REJECTED BY TURKISH AUTHORITIES.

4. DISCUSSIONS WE HAVE HAD WITH GOVERNOR OF CENTRAL BANK SINCE HIS RETURN FROM EUROPE AND US (REF C) SERVE TO REINFORCE VIEWS EXPRESSED IN REF B AND PARA 3 ABOVE. GOVERNOR, IN DISCUSSING IN GENERAL TERMS HIS TWO-DAY CONSULTATIONS WITH IMF IN WASHINGTON, STATED THAT "WE ALL KNOW WHAT IMF ADVICE TO TURKEY WOULD BE" AND "WE ALL KNOW WHY TURKEY WILL BE UNABLE TO ACCEPT A VISIT BY AN IMF TEAM UNTIL LATER IN THE YEAR," I.E., AFTER ELECTIONS. MACOMBER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MEETINGS, CONSORTIUMS, FINANCIAL PROGRAMS  
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**Copy:** SINGLE  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
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**Document Unique ID:** 00  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Reference:** 77 OECD PARIS 5070, 77 STATE 44694, 77 ANKARA 567  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
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**Review Withdrawn Fields:** n/a  
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**Status:** NATIVE  
**Subject:** DISCUSSION WITH TURKEY CONSORTIUM OFFICIALS  
**TAGS:** EAID, EFIN, TU, OECD  
**To:** STATE OECD PARIS  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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